

FG Response to recent misrepresentations on public expenditure

The Federal Government has noted recent public commentary alleging that approximately two percent of GDP amounting to over ₦8 trillion was spent outside the approved budget based on references to the IMF Representative in Nigeria and the Fund's 2026 Article IV Consultation Report. These claims are incorrect and risk misleading the public regarding the government's financial management. For the avoidance of doubt, the Federal Government does not operate a "shadow budget" or expend public funds outside the constitutional and statutory framework established for public finance.

Under Sections 80 - 83 and 162 of the Constitution of the Federal Republic of Nigeria, 1999 (as amended), public funds may only be withdrawn and expended in accordance with the Constitution and laws enacted by the National Assembly. Accordingly, Federal Government expenditure is incurred pursuant to duly enacted Appropriation Acts, Supplementary Appropriation Acts, and other statutory authorities enacted by the National Assembly. In addition, multi-year capital projects which necessarily span multiple budgets are implemented in accordance with extant laws and approved provisions for capital rollovers where applicable. These are recognized features of public financial management and should not be misconstrued as expenditures outside the budget. It is inaccurate to suggest that trillions of naira have been secretly spent outside legislative approval. Such allegations should have identified the specific projects purportedly executed without appropriation or legal authority and present credible evidence in support of the claim. To be meaningful, assertions of this magnitude must be supported by verifiable facts rather than conjecture.

For the purpose of public education, it is important to distinguish between appropriation, expenditure authorization, financing, and fiscal reporting. Nigeria's public finance framework contains several statutory transfers, first-line charges and intervention mechanisms established by Acts of the National Assembly. These include, among others: Statutory allocations and contributions to development commissions and other agencies created by law. Cost of collection and cost of administration retained by designated revenue-collecting agencies as expressly provided under relevant legislation. Capital expenditure approved in separate budgets for some agencies and the Federal Capital Territory by the National Assembly. Special interventions approved by law to address national priorities such as security, infrastructure, disaster response, and other strategic national programmes or emergencies.

Debt service obligations and other statutory transfers that are authorized under applicable legislation. These expenditures are neither secret nor illegal. They are established by law, disclosed in various fiscal reports, and subject to applicable oversight, audit and accountability mechanisms. Their treatment for reporting purposes may differ from their presentation in the annual Appropriation

Act, particularly under international statistical and reporting standards adopted by the Federal Government. Such classification differences should not be misrepresented as evidence of unlawful expenditure. It is equally incorrect to suggest that the reported amount represents an increase in budget deficit. A fiscal deficit is determined by the relationship between total government revenues and total government expenditures. Whether a capital project is financed through annual appropriations, supplementary appropriations, statutory transfers, approved intervention mechanisms, or other lawful financing arrangements does not, by itself, increase the fiscal deficit. Indeed, the IMF's observation relates primarily to the comprehensiveness, timing and presentation of fiscal reporting rather than the legality of expenditure. Like many countries, Nigeria continues to strengthen the alignment between budget presentation and international fiscal reporting standards as part of ongoing public financial management reforms. As a matter of fact, His Excellency, President Bola Ahmed Tinubu, GCFR had himself formally requested the National Assembly to end the practice of running multiple and overlapping budgets, and rather harmonize into a single, cohesive framework during his presentation of the 2026 Appropriation Bill to a joint session of the National Assembly on December 19, 2025.

The Federal Government remains firmly committed to prudent fiscal management, transparency and accountability. Recent reforms have significantly strengthened public financial management with ongoing improvements in budget assumptions and credibility, transparent revenue administration, digitalization of government financial processes, and stronger treasury management. These reforms have been acknowledged by the IMF itself and other multilateral institutions, as well as international credit rating agencies, major media organizations and investors. Public debate is both welcome and essential in a democratic society. However, it should be based on facts and an accurate understanding of Nigeria's constitutional and fiscal framework. Mischaracterising technical observations as evidence of unlawful expenditure neither advances informed public discourse nor strengthens democratic accountability. The Federal Government will continue to uphold the rule of law, maintain transparency in the management of public resources, and work with the National Assembly, oversight institutions, development partners and the Nigerian people to further strengthen fiscal governance in line with international best practices.

Signed:

Taiwo Oyedele Honourable Minister of Finance and Coordinating Minister of the Economy Federal Republic of Nigeria